

TRANSPORTATION REVENUE TRACKING REPORT

DEPARTMENT OF MOTOR VEHICLES

HIGHWAY MAINTENANCE & OPERATING AND TRANSPORTATION TRUST FUNDS

STATE TAXES AND FEES

(\$ Thousands)

Revenue Sources	FY 01 _1/ Forecast	March-01		Fiscal Year-To-Date				
		Revenue Collected	% Change Year Ago	Revenue Collected	Revenue Forecast	\$ Variance	% Change	
							Actual	Forecast
Motor Fuels Taxes _2/	\$768,665	\$61,040	(8.1)	\$545,813	\$538,333	\$7,480	0.3	(1.1)
Motor Vehicle Sales & Use Tax _3/	486,146	44,698	(10.4)	368,669	359,816	8,853	1.5	(0.9)
State Retail Sales Tax	390,200	28,424	1.9	291,786	291,031	755	5.0	4.8
Motor Vehicle Licenses	141,989	14,482	6.2	105,293	102,525	2,768	1.3	(1.4)
International Registration Plan	57,880	10,782	34.0	35,144	36,930	(1,786)	(4.1)	0.8
Priority Transportation Fund	35,234	1,667	0.0	3,333	3,333	0	0.0	
Interest Earnings	6,843	0	(45.0)	6,713	6,637	76	48.4	46.8
Miscellaneous _4/	13,317	1,770	(12.9)	14,672	9,815	4,857	16.1	(22.4)
Total State Taxes and Fees	\$1,900,273	\$162,863	(3.0)	\$1,371,423	\$1,348,419	\$23,004	2.1	0.4

_1/ November 2000 Forecast.

_2/ Includes the road tax and applicable aviation taxes.

_3/ Includes applicable rental tax.

_4/ Miscellaneous fees in the Highway Maintenance and Operating Fund.

Note: Due to rounding columns may not add up exactly

Bottom Line

Significant changes occurred in the month of March 2001. Revenue growth in two of the major sources was negative reflecting a slowing economy over March of last year. For the month, total state taxes and fees are down 3.0 percent but on a YTD basis total revenues are still growing at a 2.1 percent rate. Motor Fuels Taxes and Motor Vehicle Sales and Use Tax revenues are the major negative revenue sources for the month with Interest Earnings and Miscellaneous revenues contributing to a much smaller degree. The difference between actual YTD collections and the forecast is only 1.6 percent.

Motor Fuels Tax

Motor Fuel Tax revenues fell 8.1 percent for the month but are still running 0.3 percent ahead on a YTD basis. The total taxable gallons data includes January 2001 gallons reported as floor stock. This acts to produce an increase in the number of gallons that will remain through February. Forecasting had predicted that high gasoline prices would remain through the driving season and evidence of this is now becoming clear as the average pump price has risen by 10% in the last two weeks.

Motor Vehicle Sales and Use Tax

Motor Vehicle Sales and Use Tax revenues are down 10.4 percent for the month. On a YTD basis however, these revenues are still growing by 1.5 percent. On a national level, March 2001 new vehicle sales weakened slightly from the sales pace of the first two months. National sales ended the month at an annualized figure of 17.1 million units, down from February's 17.5 million units. Virginia fared worst than the nation as a whole for the month. Total taxable titles are

down 10.4 percent for the month and a negative 1.5 percent on a YTD basis. New taxable titles were down 13.2 percent for the month and used taxable titles were down 9.4 percent. Continued reduction in the sales growth of new and used vehicles is predicted for the fourth quarter of the fiscal year.

State Retail Sales Tax

State Retail Sales Tax revenues grew 1.9 percent for the month and maintains a growth rate of 5.0 percent on a YTD basis. At present, this is a growth rate 0.2 percent greater than expected in the forecast. The sale of durable goods, excluding autos, have maintained relatively strong growth over three quarters of this fiscal year.

Motor Vehicle Licenses

Motor Vehicle License revenues grew 6.2 percent for the month of March and are running ahead on a YTD basis by 1.3 percent. The monthly and YTD numbers are being driven by the very strong growth in the two-year registrations. Two-year registrations grew 19.8 percent for the month and 9.4 percent on a YTD basis. This is in contrast to the negative growth of 0.2 percent for total vehicle registrations on a YTD basis. One-year registrations are down 1.7 percent on a YTD basis.

Other Revenues

International Registration Plan (IRP) revenues are up for the month by 34.0 percent after being down by 27.3 percent last month. On YTD basis however, this revenue source continues to be down by 4.1 percent. This reflects a continuation in the economic slowdown which results in slower manufacturing activity and thus truck shipments.

HIGHWAY MAINTENANCE AND OPERATING FUND (HMOF)

(\$ in Thousands)

Revenue Sources	FY 01 _1/ Forecast	March-01		Fiscal Year-To-Date				
		Revenue Collected	% Change Year Ago	Revenue Collected	Revenue Forecast	\$ Variance	% Change Actual	% Change Forecast
Motor Fuels Taxes _2/	\$664,096	\$53,267	(6.8)	\$467,742	465,224	\$2,518	(0.4)	(1.0)
Motor Vehicle Sales and Use Tax	312,900	27,644	(12.1)	235,788	231,546	4,242	1.4	(0.5)
Motor Vehicle Licenses	123,564	12,420	6.0	91,479	89,300	2,179	1.1	(1.3)
International Registration Plan	57,880	10,782	34.0	35,144	36,930	(1,786)	(4.1)	0.8
Miscellaneous	13,317	1,770	(12.9)	14,672	9,815	4,857	16.1	(22.4)
Total State Taxes and Fees	\$1,171,757	\$105,883	(4.1)	\$844,826	\$832,815	\$12,011	0.3	(1.1)
Federal Grants and Contracts _3/	5,697	1,250	43.8	7,373	n/a	n/a	14.1	n/a
Transfer to TTF _4/	(4,008)	0	100.0	(638)	n/a	n/a	-5,458	n/a
Total HMOF	\$1,173,446	\$107,133	(3.5)	\$851,561	n/a	n/a	(3.7)	n/a

_1/ November 2000 Forecast.

_2/ Includes the road tax.

_3/ Revenues reflect prior period activity and are not a reliable measure of revenue or fiscal capacity of the State's program.

_4/ Current law provides for balances to be transferred to the Transportation Trust Fund (TTF).

Note: Due to rounding columns may not add up exactly.

TRANSPORTATION TRUST FUND

(\$ in Thousands)

Revenue Sources	FY 01 _1/ Forecast	March-01		Fiscal Year-To-Date				
		Revenue Collected	% Change Year Ago	Revenue Collected	Revenue Forecast	\$ Variance	% Change Actual	% Change Forecast
Motor Fuels Taxes _2/	\$104,569	\$7,773	(15.7)	\$78,071	\$73,108	\$4,963	4.5	(2.1)
Motor Vehicle Sales and Use Tax _3/	173,246	17,054	(7.4)	\$132,881	128,270	4,611	1.7	(1.8)
Priority Transportation Fund	35,234	1,667	0	\$3,333	3,333	0	0.0	
State Retail Sales Tax	390,200	28,424	1.9	\$291,786	291,031	755	5.0	4.8
Motor Vehicle Licenses	18,425	2,062	7.6	\$13,814	13,225	589	2.9	(1.5)
Interest Earnings	6,843	0	(45.0)	\$6,713	6,637	76	48.4	46.8
Total State Taxes and Fees	\$728,517	\$56,980	(0.8)	\$526,597	\$515,604	\$10,993	5.1	2.9
Federal Grants and Contracts _4/	765,713	31,674	(7.8)	404,098	n/a	n/a	6.2	n/a
Local Contributions _5/	39,022	812	(84.9)	16,192	n/a	n/a	(70.3)	n/a
Toll and Other Revenues _6/	57,389	8,097	5.0	62,720	n/a	n/a	26.8	n/a
Transfers from HMOF	4,008	0	#N/A	0	n/a	n/a	170.3	n/a
Total TTF	\$1,594,649	\$97,563	(7.0)	\$1,009,607	n/a	n/a	-0.3	n/a

TOTAL TRANSPORTATION FUNDS

Total HMOF & TTF Revenues	\$2,768,094	\$204,696	(5.2)	\$1,861,168	n/a	n/a	(0.4)	n/a
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_1/ November 2000 Forecast.

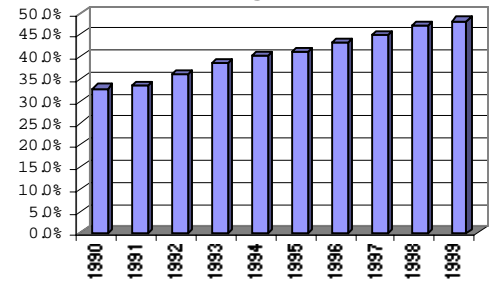
_2/ Includes road and aviation fuel taxes.

_3/ Includes applicable rental tax.

_4/ Revenues reflect prior period activity and are not a reliable measure of revenue or the fiscal capacity of the State's program.

_5/ Local government contributions are received on a cost-share basis as provided by law.

Percent of U.S. New Vehicle Sales that are Light Trucks



Fuel Efficiency: Changes in the Vehicle Fleet

This exceeds the national annual average of 4.0 long-distance trips per capita.

Environmental Impacts:

Although an increase in consumption of fuel leads to higher fuel tax revenue, it also has a negative impact on the environment. In 1996, Virginia ranked 13 in the nation for carbon monoxide emissions from mobile sources. Contributing to the

pollution is the number of SUVs and light trucks in the vehicle fleet. According to GreenCar.org, an environmental group concentrating on the promotion of fuel efficient vehicles, SUVs use 33 percent more gasoline than passenger cars, leading to 30 percent more carbon monoxide and hydrocarbons and 75 percent more nitrogen oxide emissions. The chart below shows the increase in

light truck vehicle concentration in the U.S. from 1990 to 1999.

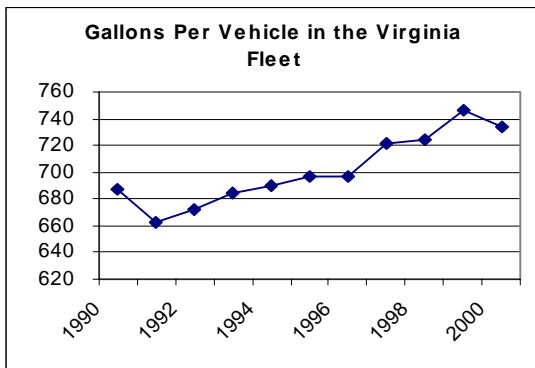
Federal and State Actions:

The federal government has taken steps to reduce both pollution from transportation and U.S. dependence on foreign oil supplies through the Clean Air Act Amendments in 1990 and the Energy Policy Act of 1992. These acts established federal income tax incentives for alternative fuel vehicles and electric vehicles in both business and personal use. Alternative fuel vehicles (AFVs) include those which run on methanol and denatured ethanol, liquefied petroleum gas, hydrogen, coal-derived liquid fuels, and electricity. The incentives range from \$2,000 to \$50,000. The heavier the vehicle, the greater the income tax reduction.

The federal government is also promoting the development of Hybrid Electric Vehicles (HEVs), which run on both electricity and gasoline. The big

FAO has taken some time to examine the changes taking place in the vehicle fleet, both in Virginia and nationally. Fleet characteristics such as vehicle fuel efficiency and the number of miles traveled, have an environmental and economic impact on the Commonwealth.

Trends in Fuel Consumption:



The graph above shows the gallons of gasoline and diesel fuel consumed per vehicle in the Virginia fleet. Per vehicle consumption has increased by 6.8 percent from 1990 to 2000. This is due to the rising popularity of SUVs in the 1990s as well as a change in driving behavior in Virginia. According to the American Travel Survey conducted by the U.S. Department of Transportation, the annual number of long-distance vehicle trips per capita in Virginia has grown by 65.4 percent to 4.3 between 1977 to 1995.

receive a state income tax credit of 10% of the federal tax credit in the year of purchase. In addition, vehicles displaying a “Clean Fuel” license plate are permitted on Virginia HOV lanes on I-95, I-395, and I-66, regardless of the number of occupants in the vehicle.

